

AMENDED IN ASSEMBLY JUNE 7, 2004

AMENDED IN SENATE APRIL 12, 2004

**SENATE BILL**

**No. 1235**

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**Introduced by ~~Committee on Transportation (Senators Murray (Chair), Florez, Karnette, Perata, Scott, Soto, and Torlakson~~**  
***Senator Murray***)

February 12, 2004

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*An act to amend Sections 1655, 1685, and 24011 of, and to repeal Section 11705.5 of, of the Vehicle Code, relating to vehicles. An act to repeal and add Section 5060 of the Vehicle Code, relating to vehicles.*

LEGISLATIVE COUNSEL'S DIGEST

SB 1235, as amended, ~~Committee on Transportation Murray~~. Vehicles: ~~peace officers: powers: private industry partners~~ *special interest license plates*.

*Existing law authorizes an organization to apply to the Department of Motor Vehicles to establish a special interest license plate program, and the department is required to authorize that participation if the issuance of those plates is required by a specific statute, and the organization meets certain criteria.*

*This bill would repeal the provision in existing law authorizing the establishment of special interest license plate programs by the department and, instead, would require the department to notify an organization sponsoring an existing special interest license plate program when the number of currently outstanding and valid special interest license plates issued under the program is less than 7,500. The bill would prohibit the department from issuing or replacing the plates*

*if the number of plates is less than 7,500 one year from the date of the notification.*

*The bill would authorize the plates that were issued prior to the specified discontinuation to continue to be used and attached to the vehicle for which they were issued and renewed, retained, or transferred pursuant to the Vehicle Code.*

*The bill would require the department to deduct its costs to develop and administer the special interest license plate programs from the revenues collected for the plates and deposit the remaining revenues from the original issuance, renewal, retention, replacement, or transfer of the special interest license plates in a fund established by the Controller. The money in the fund would be available, upon appropriation, for expenditure for the purposes authorized under the statute establishing the particular special interest license plate program.*

*The bill would prohibit an organization that is eligible to participate in an existing special interest license plate program and receives funds from the additional fees collected from the sale of special license plates from expending annually more than 25% of those funds on administrative costs, marketing, or other promotional activities associated with encouraging application for, or renewal of, the special license plates.*

*The bill would require an organization authorized to offer special interest license plates under an existing program to prepare and submit an annual accounting report to the department by June 30. The report would include an accounting of all revenues and expenditures associated with the special interest license plate program.*

*The bill would require the department, if an organization submits a report indicating that the organization violated the specified expenditure limitation, to immediately cease depositing fees in the separate account established by the Controller for that organization and, instead, deposit those fees that would have otherwise been deposited in that fund in a separate account established by the Controller. The money in the separate account would be subject to appropriation by the Legislature, for expenditure for any purpose for which the funds in the General Fund may be expended. The depositing of funds in the separate account would continue until the organization demonstrates to the satisfaction of the department that the organization is in compliance or will comply with the specified expenditure limitation. The bill would prohibit the department from issuing or*



*replacing the special interest license plates associated with an organization that is unable to satisfactorily demonstrate to the department that it is in compliance or will comply with the specified expenditure limitation within a specified time period. The bill would authorize those particular special interest license plates that were issued prior to the discontinuation to continue to be used and attached to the vehicle for which they were issued and to be renewed, retained, or transferred pursuant to the Vehicle Code.*

*The bill would require the department, upon receiving the reports specified above, to prepare and transmit an annual consolidated report to the Legislature containing the revenue and expenditure data.*

*The bill would require the department to develop a legislative proposal that complies with the guidelines provided in a specific federal district court decision and allows the Legislature to select organizations to sponsor state agencies through a special interest license plate program.*

*The bill would provide that revenues that are derived from the fees imposed by a legislative proposal that are in addition to regular fees may only be used to support a state agency or a state agency program and would limit any distinctive design, decal, or message to only those that encourage support of a state agency or a state agency program.*

*The bill would require the department, on or before January 1, 2006, to report to the Legislature regarding the proposal.*

~~(1) Existing law specifies the personnel within the Department of Motor Vehicles who have peace officer powers for the purpose of enforcing those provisions of law committed to the administration of the department or enforcing the law on premises occupied by the department, including the Deputy Director, Investigations Division.~~

~~This bill would correct a reference from Deputy Director, Investigations and Audits Division to Deputy Director, Investigations Division.~~

~~(2) Existing law requires the department to provide a report to the Legislature by January 10, on an annual basis, that includes certain information relating to the department's private industry partner program, gathered during the calendar year immediately preceding the report date.~~

~~This bill would change the date of the report to October 1 of each year and would require the report to relate to information gathered during the fiscal year immediately preceding the report date.~~

~~(3) The bill would delete or modify various obsolete provisions and references in existing law relating to vehicles.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

~~SECTION 1. — Section 1655 of the Vehicle Code is amended to~~

~~SECTION 1. Section 5060 of the Vehicle Code is repealed.~~

~~5060. (a) An organization may apply to the department for participation in a special interest license plate program and the department shall issue special license plates for that program if the issuance of those plates is required by this article, the sponsoring organization complies with the requirements of this section, and the organization meets all of the following criteria:~~

~~(1) Qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the Revenue and Taxation Code.~~

~~(2) Submits a financial plan describing the purposes for which the revenues described in paragraph (2) of subdivision (e) will be used.~~

~~(3) Submits a design of the organization's proposed special interest license plate that, among other things, provides for the placement of the number and letter characters in a manner that allows for law enforcement to readily identify those characters.~~

~~(b) Any person described in Section 5101 may apply for special interest license plates, in lieu of the regular license plates.~~

~~(c) The design criteria for a special interest license plate are as follows:~~

~~(1) The license plate for a passenger vehicle, commercial vehicle, or trailer shall provide a space not larger than 2 inches by 3 inches to the left of the numerical series and a space not larger than five-eighths of an inch in height below the numerical series for a distinctive design, decal, or descriptive message as authorized by this article. The plates shall be issued in sequential numerical order or, pursuant to Section 5103, in a combination of numbers or letters.~~

~~(2) Special interest license plates authorized under this article may be issued for use on a motorcycle. That license plate shall contain a five digit configuration issued in sequential numerical~~

1 order or, pursuant to Section 5103, in a combination of numbers  
2 or letters. There shall be a space to the left of the numerical series  
3 for a distinctive design or decal and the characters shall contrast  
4 sharply with the uniform background color. No motorcycle plate  
5 containing a full plate graphic design is authorized. Those  
6 particular special interest license plates that were issued prior to  
7 the discontinuation provided by this paragraph may continue to be  
8 used and attached to the vehicle for which they were issued and  
9 may be renewed, retained, or transferred pursuant to this code.

10 (d) (1) No organization may be included in the program until  
11 not less than 7,500 applications for the particular special interest  
12 license plates are received. Each organization shall collect and  
13 hold applications for the plates. Once the organization has received  
14 at least 7,500 applications, it shall submit the applications, along  
15 with the necessary fees, to the department. The department shall  
16 not issue any special interest license plate until an organization has  
17 received and submitted to the department not less than 7,500  
18 applications for that particular special interest license plate within  
19 the time period prescribed in this section. Advanced payment to  
20 the department by an organization representing the department's  
21 estimated or actual administrative costs associated with the  
22 issuance of a particular special interest license plate shall not  
23 constitute compliance with this requirement. The organization  
24 shall have 12 months, following the effective date of the enactment  
25 of the specific legislation enabling the organization to participate  
26 in this program, to receive the required number of applications. If,  
27 after that 12 months, 7,500 applications have not been received,  
28 the organization shall immediately do either of the following:

29 (A) Refund to all applicants any fees or deposits that have been  
30 collected.

31 (B) Contact the department to indicate the organization's intent  
32 to undertake collection of additional applications and fees or  
33 deposits for an additional period, not to exceed 12 months, in order  
34 to obtain the minimum 7,500 applications. If an organization  
35 elects to exercise the option under this paragraph, it shall contact  
36 each applicant who has submitted an application with the  
37 appropriate fees or deposits to determine if the applicant wishes a  
38 refund of fees or deposits or requests the continuance of the  
39 holding of the application and fees or deposits until that time that  
40 the organization has received 7,500 applications. The organization

1 shall refund the fees or deposits to any applicant so requesting. In  
2 no event shall an organization collect and hold applications for a  
3 period exceeding 24 months following the date of authorization as  
4 described in paragraph (2) of subdivision (a).

5 (C) Sequential plate fees shall be paid for the original issuance,  
6 renewal, retention, replacement, or transfer of the special interest  
7 license plate as determined by the organization and authorized by  
8 department's regulations. Those plates containing a personalized  
9 message are subject to the fees required pursuant to Sections 5106  
10 and 5108 in addition to any fees required by the special interest  
11 license plate program.

12 (2) (A) If the number of currently outstanding and valid  
13 special interest license plates in any particular program provided  
14 for in this article is less than 7,500, the department shall notify the  
15 sponsoring organization of that fact and shall inform the  
16 organization that if that number is less than 7,500 one year from  
17 the date of that notification, the department will no longer issue or  
18 replace those special interest license plates.

19 (B) Those particular special interest license plates that were  
20 issued prior to the discontinuation provided by subparagraph (A)  
21 may continue to be used and attached to the vehicle for which they  
22 were issued and may be renewed, retained, or transferred pursuant  
23 to this code.

24 (e) (1) The department shall deduct its costs to develop and  
25 administer the special interest license plate program from the  
26 revenues collected for the plates.

27 (2) The department shall deposit the remaining revenues from  
28 the original issuance, renewal, retention, replacement, or transfer  
29 of the special interest license plate in a fund which shall be  
30 established by the Controller.

31 (f) When payment of renewal fees is not required as specified  
32 in Section 4000, or when a person determines to retain the special  
33 interest license plate upon a sale, trade, or other release of the  
34 vehicle upon which the plate has been displayed, the person shall  
35 notify the department and the person may retain and use the plate  
36 as authorized by department regulations.

37 (g) An organization that is eligible to participate in a special  
38 interest license plate program pursuant to this article and receives  
39 funds from the additional fees collected from the sale of special  
40 license plates shall not expend annually more than 25 percent of

~~those funds on administrative costs, marketing, or other promotional activities associated with encouraging application for, or renewal of, the special license plates.~~

~~(h) (1) Every organization authorized under this article to offer special interest license plates shall prepare and submit an annual accounting report to the department by June 30. The report shall include an accounting of all revenues and expenditures associated with the special interest license plate program.~~

~~(2) If an organization submits a report pursuant to paragraph (1) indicating that the organization violated the expenditure restriction set forth in subdivision (g), the department shall immediately cease depositing fees in the fund created by the Controller for that organization under paragraph (2) of subdivision (e) and, instead, shall deposit those fees that would have otherwise been deposited in that fund in a separate fund created by the Controller, which fund is subject to appropriation by the Legislature. The department shall immediately notify the organization of this course of action. The depositing of funds in the account established pursuant to this paragraph shall continue until the organization demonstrates to the satisfaction of the department that the organization is in compliance or will comply with the requirements of subdivision (g). If one year from the date that the organization receives the notice described in this paragraph, the organization is still unable to satisfactorily demonstrate to the department that it is in compliance or will comply with the requirements of subdivision (g), the department shall no longer issue or replace those special interest license plates associated with that organization. Those particular special interest license plates that were issued prior to the discontinuation provided by this paragraph may continue to be used and attached to the vehicle for which they were issued and may be renewed, retained, or transferred pursuant to this code.~~

~~(3) Upon receiving the reports required under paragraph (1), the department shall prepare and transmit an annual consolidated report to the Legislature containing the revenue and expenditure data.~~

*SEC. 2. Section 5060 is added to the Vehicle Code, to read:*

*5060. (a) If the number of currently outstanding and valid special interest license plates issued under any particular program provided for in this article is less than 7,500, the department shall*



1 *notify the sponsoring organization of that fact. If the number of*  
2 *plates for the program is less than 7,500 one year from the date of*  
3 *the notification, the department shall no longer issue or replace*  
4 *those special interest license plates.*

5 *(b) Those particular special interest license plates that were*  
6 *issued prior to the discontinuation provided by subdivision (a) may*  
7 *continue to be used and attached to the vehicle for which they were*  
8 *issued and may be renewed, retained, or transferred pursuant to*  
9 *this code.*

10 *(c) (1) The department shall deduct its costs to develop and*  
11 *administer each special interest license plate program authorized*  
12 *under this article from the revenues collected for the plates.*

13 *(2) The department shall deposit the remaining revenues from*  
14 *the original issuance, renewal, retention, replacement, or transfer*  
15 *of the special interest license plates in a fund that shall be*  
16 *established by the Controller. The money in the fund shall be*  
17 *available, upon appropriation, for expenditure for the purposes*  
18 *authorized under the statute establishing the particular special*  
19 *interest license plate program.*

20 *(d) An organization that is eligible to participate in a special*  
21 *interest license plate program pursuant to this article and receives*  
22 *funds from the additional fees collected from the sale of special*  
23 *license plates shall not expend annually more than 25 percent of*  
24 *those funds on administrative costs, marketing, or other*  
25 *promotional activities associated with encouraging application*  
26 *for, or renewal of, the special license plates.*

27 *(e) (1) An organization authorized under this article to offer*  
28 *special interest license plates shall prepare and submit an annual*  
29 *accounting report to the department by June 30. The report shall*  
30 *include an accounting of all revenues and expenditures associated*  
31 *with the special interest license plate program.*

32 *(2) If an organization submits a report pursuant to paragraph*  
33 *(1) indicating that the organization violated the expenditure*  
34 *restriction set forth in subdivision (d), the department shall*  
35 *immediately cease depositing fees in the fund established by the*  
36 *Controller for that organization under paragraph (2) of*  
37 *subdivision (c) and, instead, shall deposit those fees that would*  
38 *have otherwise been deposited in that fund in a separate account*  
39 *established by the Controller. That separate account shall be*  
40 *subject to appropriation by the Legislature, for expenditure for any*



1 *purpose for which the funds in the General Fund may be expended.*  
 2 *The department shall immediately notify the organization of this*  
 3 *course of action. The depositing of funds in the separate account*  
 4 *established pursuant to this paragraph shall continue until the*  
 5 *organization demonstrates to the satisfaction of the department*  
 6 *that the organization is in compliance with, or will comply with,*  
 7 *the requirements of subdivision (d). If one year from the date that*  
 8 *the organization receives the notice described in this paragraph,*  
 9 *the organization is still unable to satisfactorily demonstrate to the*  
 10 *department that it is in compliance with, or will comply with, the*  
 11 *requirements of subdivision (d), the department shall no longer*  
 12 *issue or replace those special interest license plates associated*  
 13 *with that organization. Those particular special interest license*  
 14 *plates that were issued prior to the discontinuation provided by this*  
 15 *paragraph may continue to be used and attached to the vehicle for*  
 16 *which they were issued and may be renewed, retained, or*  
 17 *transferred pursuant to this code.*

18 (3) *Upon receiving the reports required under paragraph (1),*  
 19 *the department shall prepare and transmit an annual consolidated*  
 20 *report to the Legislature containing the revenue and expenditure*  
 21 *data.*

22 (f) (1) *The department shall develop a legislative proposal that*  
 23 *complies with the guidelines provided in the federal district court's*  
 24 *opinion in Women's Resource Network v. Gourley (E.D. Cal. 2004)*  
 25 *305 F.Supp.2d 1145, and allows the Legislature to select*  
 26 *organizations to sponsor state agencies through special interest*  
 27 *license plate programs.*

28 (2) *Revenues derived from the fees imposed by a legislative*  
 29 *proposal developed under paragraph (1) that are in addition to the*  
 30 *regular fees imposed for an original or renewal of registration may*  
 31 *only be used to support a state agency or a state agency program.*

32 (3) *A special interest license plate that is issued pursuant to a*  
 33 *proposal developed under paragraph (1) may only include on that*  
 34 *plate a distinctive design, decal, or descriptive message that*  
 35 *encourages support for a particular state agency or state agency*  
 36 *program.*

37 (4) *On or before January 1, 2006, the department shall report*  
 38 *to the Legislature regarding the proposal developed under*  
 39 *paragraph (1).*

40 ~~read:~~

1     ~~1655.—(a) The director and deputy director of the department,~~  
2     ~~the Deputy Director, Investigations Division, the Chief, Field~~  
3     ~~Investigations Branch, and the investigators of the department,~~  
4     ~~including rank and file, supervisory, and management personnel,~~  
5     ~~shall have the powers of peace officers for the purpose of enforcing~~  
6     ~~those provisions of law committed to the administration of the~~  
7     ~~department or enforcing the law on premises occupied by the~~  
8     ~~department.~~

9     ~~(b) Any person designated in subdivision (a) may inspect any~~  
10    ~~vehicle of a type required to be registered under this code, or any~~  
11    ~~component part thereof, in any garage, repair shop, parking lot,~~  
12    ~~used car lot, automobile dismantler's lot, steel mill, scrap metal~~  
13    ~~processing facility, or other establishment engaged in the business~~  
14    ~~of selling, repairing, or dismantling vehicles, or reducing vehicles~~  
15    ~~or the integral parts thereof to their component materials for the~~  
16    ~~purpose of investigating the title and registration of the vehicle,~~  
17    ~~inspecting wrecked or dismantled vehicles, or locating stolen~~  
18    ~~vehicles.~~

19    ~~SEC. 2.—Section 1685 of the Vehicle Code is amended to read:~~

20    ~~1685.—(a) In order to continue improving the quality of~~  
21    ~~products and services it provides to its customers, the department,~~  
22    ~~in conformance with Article 4 (commencing with Section 19130)~~  
23    ~~of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government~~  
24    ~~Code, may establish contracts for electronic programs that allow~~  
25    ~~qualified private industry partners to join the department in~~  
26    ~~providing services that include processing and payment programs~~  
27    ~~for vehicle registration and titling transactions.~~

28    ~~(b) (1) The department may enter into contractual agreements~~  
29    ~~with qualified private industry partners. There are the following~~  
30    ~~three types of private industry partnerships authorized under this~~  
31    ~~section:~~

32    ~~(A) First-line business partner is an industry partner that~~  
33    ~~receives data directly from the department and uses it to complete~~  
34    ~~registration and titling activities for that partner's own business~~  
35    ~~purposes.~~

36    ~~(B) First-line service provider is an industry partner that~~  
37    ~~receives information from the department and then transmits it to~~  
38    ~~another authorized industry partner.~~

39    ~~(C) Second-line business partner is a partner that receives~~  
40    ~~information from a first-line service provider.~~

~~(2) The private industry partner contractual agreements shall include the following minimum requirements:~~

~~(A) Filing of an application and payment of an application fee, as established by the department.~~

~~(B) Submission of information, including, but not limited to, fingerprints and personal history statements, focusing on and concerning the applicant's character, honesty, integrity, and reputation as the department may consider necessary.~~

~~(C) Posting a bond in an amount consistent with Section 1815.~~

~~(3) The department shall, through regulations, establish any additional requirements for the purpose of safeguarding privacy and protecting the information authorized for release under this section.~~

~~(c) The director may establish, through the adoption of regulations, the maximum amount that a qualified private industry partner may charge its customers in providing the services authorized under subdivision (a).~~

~~(d) The department shall charge a three-dollar (\$3) transaction fee for the information and services provided under subdivision (a). The private industry partner may pass the transaction fee to the customer, but the total charge to a customer may not exceed the amount established by the director under subdivision (c).~~

~~(e) All fees collected by the department pursuant to subdivision (d) shall be deposited in the Motor Vehicle Account. On January 1 of each year, the department shall adjust the fee in accordance with the California Consumer Price Index. The amount of the fee shall be rounded to the nearest whole dollar, with amounts equal to, or greater than, fifty cents (\$0.50) rounded to the next highest whole dollar.~~

~~(f) The department shall adopt regulations and procedures that ensure adequate oversight and monitoring of qualified private industry partners to protect vehicle owners from the improper use of vehicle records. These regulations and procedures shall include provisions for qualified private industry partners to periodically submit records to the department, and the department shall review those records as necessary. The regulations shall also include provisions for the dedication of department resources to program monitoring and oversight; the protection of confidential records in the department's files and databases; and the duration and nature of the contracts with qualified private industry partners.~~

~~(g) The department shall, annually, by October 1, provide a report to the Legislature that shall include all of the following information gathered during the fiscal year immediately preceding the report date:~~

~~(1) Listing of all qualified private industry partners, including names and business addresses.~~

~~(2) Volume of transactions, by type, completed by business partners.~~

~~(3) Total amount of funds, by transaction type, collected by business partners.~~

~~(4) Total amount of funds received by the department.~~

~~(5) Description of any fraudulent activities identified by the department.~~

~~(6) Evaluation of the benefits of the program.~~

~~(7) Recommendations for any administrative or statutory changes that may be needed to improve the program.~~

~~(h) Nothing in this section impairs or limits the authority provided in Section 4610 or Section 12155 of the Insurance Code.~~

~~SEC. 3. Section 11705.5 of the Vehicle Code is repealed.~~

~~SEC. 4. Section 24011 of the Vehicle Code is amended to read:~~

~~24011. Whenever a federal motor vehicle safety standard is established under federal law (49 U.S.C. Sec. 30101, et seq.), no dealer shall sell or offer for sale a vehicle to which the standard is applicable, and no person shall sell or offer for sale for use upon a vehicle an item of equipment to which the standard is applicable, unless:~~

~~(a) The vehicle or equipment conforms to the applicable federal standard.~~

~~(b) The vehicle or equipment bears thereon a certification by the manufacturer or distributor that it complies with the applicable federal standards. The certification may be in the form of a symbol prescribed in the federal standards or, if there is no federal symbol, by a symbol acceptable to the department.~~